

STATEMENT OF CHAIRMAN GORDON H. SMITH

Senate Special Committee on Aging Hearing “Old Scams – New Victims: Breaking the Cycle of Victimization” July 27, 2005

Good afternoon, and welcome to all.

Today’s hearing is the first in a series that will examine consumer fraud and identity theft issues relating to older Americans. According to the Administration on Aging, nearly 40 percent of America’s seniors rank fear of fraud ahead of their concern for health crises and terrorism. In all, the nation loses \$40 billion per year to telemarketing fraud, and over \$50 billion to identity theft. These crimes rob America’s seniors of their dignity and retirement security.

As we will hear from the Federal Trade Commission, internet auctions, prize and sweepstakes fraud, and lottery scams top the list of fraud complaints received from Americans age 50 and older.

What is most disturbing is that these scams routinely top the FTC’s annual list of top consumer frauds in the nation. It seems that even though we are aware of their use, scam artists remain successful in pitching old scams to new victims, perpetuating a cycle of victimization.

Through today’s hearing, I hope we will make progress in finding effective means to break this cycle.

Fortunately, a number of federal, state and community programs – especially groups in Oregon such as Elders in Action – have made a positive difference in helping seniors prevent and recover from fraud and identity theft crimes. However, I believe we can and should do more.

Working with my colleagues, I have introduced bi-partisan identity theft legislation that would, among other things, place restrictions on the solicitation of social security numbers, allow consumers to place a security freeze on their consumer credit reports, and require all entities that handle sensitive personal information to provide notice to affected consumers in the event of a security breach.

I am also mindful that legislation and consumer education must work in tandem. And as reflected in the consumer education research that will be presented at today’s hearing, one size may not necessarily fit all when it comes to consumer messaging.

Throughout this Congress, I will be inviting state and federal law enforcement agencies, as well as independent consumer protection groups, to embark upon a collaborative approach to responsible and effective consumer education messaging. To further this goal, I welcome today’s distinguished panelists and thank you all for coming today.

I will now turn to my colleague Senator Kohl for his comments.